

**OVERBERG
DISTRKSMUNISIPALITEIT**



FINANSIële STATE

30 JUNIE 2008

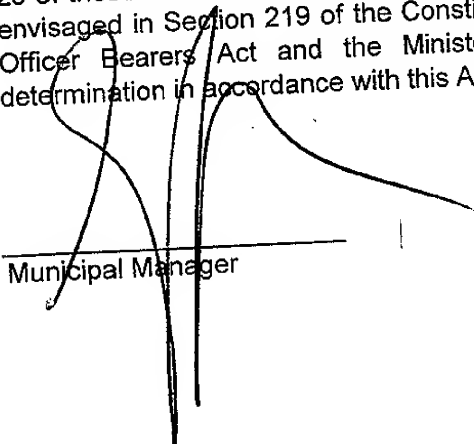
OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 54 including appendices A to F as set out on pages 46 to 54, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager

20 Jan 2009
Date

OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008

INDEX

| Details | Page |
|--|-------------|
| Other information | 1 |
| Statement of Financial Position | 2 |
| Statement of Financial Performance | 3 |
| Statement of Changes in Net Assets | 4 |
| Cash Flow Statement | 5 |
| Notes to the Annual Financial Statements | 6 |
| Appendix A: Schedule of External Loans | 46 |
| Appendix B: Analysis of Property, Plant and Equipment | 47 |
| Appendix C: Segmental Analysis of Property, Plant and Equipment | 49 |
| Appendix D: Segmental Statement of Financial Performance | 50 |
| Appendix E(1): Actual versus Budget (Revenue and Expenditure) | 51 |
| Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment) | 53 |
| Appendix F: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act | 54 |

OVERBERG DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
OTHER INFORMATION

| | |
|---|---|
| Nature of Business | Overberg Municipality is a district municipality performing the functions as set out in the Constitution.(Act no 105 of 1996). |
| Country of Origin and Legal Form | South African district municipality as defined by the Municipal Structures Act (Act no 117 of 1998) |
| Directors | Municipal Manager: T Botha (currently suspended) Chief Financial Officer: R Butler (currently suspended) Director Technical and Planning Services: GW Hermanus (currently acting as Municipal Manager) |
| Principal Bankers | ABSA |
| Auditors | Auditor General |
| Attorneys | Mrs Luttig and Seun |
| Registered Office | 26 Long Street Bredasdorp 7280 |
| Postal address | Private Bag X22 Bredasdorp 7280 |
| Relevant Legislation | Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations |

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|--|------|-------------------|-------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | 27,153,384 | 23,077,594 |
| Capital replacement reserve | 2 | 759,086 | 759,086 |
| Government grant reserve | 2 | 6,292,412 | 6,955,922 |
| Donations and public contribution reserves | 2 | 503,755 | 530,805 |
| Revaluation reserve | | - | - |
| Accumulated Surplus/(Deficit) | | 19,598,131 | 14,831,780 |
| Non-current liabilities | | 8,040,268 | 10,385,153 |
| Long-term liabilities | 3 | 8,040,268 | 10,385,153 |
| Non-current provisions | 4 | - | - |
| Current liabilities | | 10,605,584 | 12,366,044 |
| Provisions | 5 | 746,259 | - |
| Trade Payables | 6 | 4,717,358 | 3,273,813 |
| Unspent conditional grants and receipts | 7 | 2,642,396 | 6,781,408 |
| Taxes | 8 | 132,312 | 146,152 |
| Bank overdraft | 17 | - | - |
| Current portion of long-term liabilities | 3 | 2,367,260 | 2,164,671 |
| Total Net Assets and Liabilities | | <u>45,799,236</u> | <u>45,828,791</u> |
| ASSETS | | | |
| Non-current assets | | 29,751,241 | 30,659,666 |
| Property, plant and equipment | 10 | 29,588,715 | 30,496,475 |
| Investment property | 11 | - | - |
| Intangible assets | 12 | 19,926 | 3,478 |
| Investments | 13 | 142,600 | 159,712 |
| Current assets | | 16,047,995 | 15,169,124 |
| Inventory | 14 | 1,574,742 | 1,050,725 |
| Trade Receivables from Exchange Transactions | 15 | 133,340 | 84,782 |
| Trade Receivables from Non-Exchange Transactions | 16 | 4,791,544 | 2,661,901 |
| Cash and Cash Equivalents | 17 | 9,548,369 | 11,371,716 |
| Total Assets | | <u>45,799,236</u> | <u>45,828,790</u> |

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008

| | Note | 2008 R | 2007 R |
|---|------|------------|-------------|
| REVENUE | | | |
| Revenue from Non-Exchange Transactions | | 68,422,229 | 79,934,452 |
| <i>Taxation Revenue</i> | | | |
| Property rates DMA | 18 | - | - |
| Property rates - penalties imposed and collection charges | | - | - |
| Regional Service Levies - turnover | | - | - |
| Regional Service Levies - remuneration | | - | - |
| | | 68,280,768 | 79,828,930 |
| <i>Transfer Revenue</i> | | | |
| Government grants and subsidies | 20 | 68,280,768 | 79,828,930 |
| Public contributions | | - | - |
| | | 141,461 | 105,522 |
| <i>Other Revenue</i> | | | |
| Fines | | - | 2,850 |
| Bad Debts Recovered | | 141,461 | - |
| Changes in Fair Value | | - | 102,672 |
| | | 24,690,285 | 18,194,154 |
| Revenue from Exchange Transactions | | | |
| Service charges | 19 | 3,577,766 | 3,355,180 |
| Rental of facilities and equipment | | 9,016,325 | 8,447,425 |
| Interest earned - external investments | | 2,228,579 | 3,264,314 |
| Interest earned - outstanding debtors | | 1,535 | 188,054 |
| Dividends received | 13 | 20,281 | 2,139 |
| Licences and permits | | - | - |
| Income for agency services | | 3,230,495 | - |
| Other income | 21 | 6,615,303 | 2,937,042 |
| | | 93,112,514 | 98,128,606 |
| Total Revenue | | | |
| EXPENDITURE | | | |
| Employee related costs | 22 | 37,959,467 | 49,055,728 |
| Remuneration of Councillors | 23 | 2,917,431 | 2,974,632 |
| Bad debts | | 337,562 | 3,243,016 |
| Collection costs | | - | - |
| Depreciation | | 2,983,252 | 2,763,036 |
| Amortisation | | 2,977 | 7,804 |
| Repairs and maintenance | | 13,145,964 | 18,381,894 |
| Interest paid | 24 | 1,415,932 | 1,557,955 |
| Bulk purchases | 25 | - | - |
| Contracted services | | 1,966,596 | 1,143,116 |
| Grants and subsidies paid | 26 | 405,646 | 247,147 |
| General expenses | 27 | 27,901,899 | 31,885,600 |
| | | 89,036,724 | 111,259,928 |
| Total Expenditure | | | |
| SURPLUS/(DEFICIT) | | 4,075,790 | -13,131,322 |
| Gains on disposal of property, plant and equipment | | - | - |
| Loss on disposal of property, plant and equipment | | - | - |
| | | 4,075,790 | -13,131,322 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | | |
| Share of surplus/(deficit) of associate accounted for under the equity method | 28 | - | - |
| | | 4,075,790 | -13,131,322 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | | |
| Refer to Appendix E(1) for the comparison with the approved budget | | | |

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

| | Housing Development Fund | Capital Replacement Reserve | Capitalisation Reserve | Government Grant Reserve | Donations and Public Contribution Reserve | Self- Insurance Reserve | Revaluation Reserve | Accumulated Surplus/ (Deficit) | Total |
|--|--------------------------------|-----------------------------------|---------------------------|--------------------------------|--|-------------------------------|------------------------|--------------------------------------|-------------|
| | R | R | R | R | R | R | R | R | R |
| 2007 | | | | | | | | | |
| Balance at 30 June 2006 | - | 1,000,000 | - | 7,054,559 | - | - | - | 28,084,323 | 36,138,882 |
| Correction of Error (Note 29) | - | - | - | - | - | - | - | 84,200 | 84,200 |
| Restated balance | - | 1,000,000 | - | 7,054,559 | - | - | - | 28,168,523 | 36,223,082 |
| Net surplus/(deficit) for the year | - | - | - | - | - | - | - | -13,131,322 | -13,131,322 |
| Transfer to CRR | - | -240,914 | - | - | - | - | - | 240,914 | - |
| Property, plant and equipment purchased | - | - | - | 589,328 | 539,526 | - | - | -1,128,854 | - |
| Capital grants used to purchase PPE | - | - | - | - | - | - | - | -14,166 | -14,166 |
| Net (surplus)/deficit for the year (Agency function) | - | - | - | -687,964 | -8,721 | - | - | 696,685 | - |
| Correction of Error (Note 29) | - | - | - | 6,955,922 | 530,805 | - | - | 14,831,780 | 23,077,594 |
| Offsetting of depreciation | - | 759,086 | - | - | - | - | - | - | - |
| Balance at 30 June 2007 | - | 759,086 | - | 6,955,922 | 530,805 | - | - | 14,831,780 | 23,077,594 |
| 2008 | | | | | | | | | |
| Balance at 30 June 2007 | - | 759,086 | - | 6,955,922 | 530,805 | - | - | 14,831,780 | 23,077,594 |
| Restated balance | - | 759,086 | - | 6,955,922 | 530,805 | - | - | 4,075,790 | 4,075,790 |
| Net surplus/(deficit) for the year | - | 2,094,916 | - | - | - | - | - | -2,094,916 | - |
| Transfer to CRR | - | -2,094,916 | - | - | - | - | - | 2,094,916 | - |
| Property, plant and equipment purchased | - | - | - | - | - | - | - | - | - |
| Capital grants used to purchase PPE | - | - | - | -663,511 | -27,050 | - | - | 690,561 | - |
| Offsetting of depreciation | - | - | - | - | - | - | - | - | - |
| Balance at 30 June 2008 | - | 759,086 | - | 6,292,411 | 503,755 | - | - | 19,598,131 | 27,153,384 |

OVERBERG DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|---|------|-------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | 30a | 90,934,312 | 107,103,794 |
| Cash paid to suppliers and employees | | -89,372,023 | -118,643,369 |
| Cash generated from/(utilised in) operations | 30 | 1,562,289 | -11,539,575 |
| Interest received | | 2,230,114 | 3,452,368 |
| Interest paid | | -1,415,932 | -1,557,955 |
| Dividends received | | 20,281 | 2,139 |
| NET CASH FROM OPERATING ACTIVITIES | | 2,396,752 | -9,643,023 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | -2,075,491 | -4,056,615 |
| Proceeds on disposal of fixed assets | | - | - |
| Purchase of intangible assets | | -19,425 | 124,141 |
| Decrease in non-current loans | | - | -102,672 |
| Decrease in non-current investments | | 17,112 | |
| NET CASH FROM INVESTING ACTIVITIES | | -2,077,804 | -4,035,146 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New loans raised/(repaid) | | -2,142,294 | -1,028,738 |
| Increase in consumer deposits | | - | - |
| NET CASH FROM FINANCING ACTIVITIES | | -2,142,294 | -1,028,738 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | -1,823,346 | -14,706,907 |
| Cash and cash equivalents at the beginning of the year | | 11,371,716 | 26,078,623 |
| Cash and cash equivalents at the end of the year | 17a | 9,548,369 | 11,371,716 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | -1,823,347 | -14,706,907 |

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

1. Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

| | |
|---|--|
| GRAP 1 | Presentation of Financial Statements |
| GRAP 2 | Cash Flow Statements |
| GRAP 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| GAMAP 4 | The Effects of Changes in Foreign Exchange Rates |
| GAMAP 6 | Consolidated financial statements and accounting for controlled entities |
| GAMAP 7 | Accounting for Investments in Associates |
| GAMAP 8 | Financial Reporting of Interests in Joint Ventures |
| GAMAP 9 | Revenue |
| GAMAP 12 | Inventories |
| GAMAP 17 | Property, Plant and Equipment |
| GAMAP 19 | Provisions, Contingent Liabilities and Contingent Asset |
| GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. | |

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards.

The Municipality applied all the exemptions as per General notice 552 of 2007 as issued by the Minister of Finance. Further details of the Minister's exemptions are mentioned throughout this policy.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).

1.5 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6 Reserves

1.6.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment originally financed through the CRR must be transferred to the CRR.
- All proceeds from the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.
- The CRR is reduced and the accumulated surplus/ (deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects. The Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will be taken into account in order to determine the annual contribution to the CRR.

1.6.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.6.3 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

1.7 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.8 Leases

1.8.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on the basis of the cash flows in the leases.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the

lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]]

1.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.11 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.12 Employee Benefits

(a) Pension obligations

The Municipality contribute to two separate funds on behalf of every employee at a rate of R2 for every rand deducted from employees. The funds applicable are the Cape Joint Fund and the SAMWU National Provident Fund. Employees have freedom of choice as to which fund they want to join.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post Retirement Medical obligations*

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are immediately charged or credited to the Statement of Financial Performance. These obligations are valued bi-annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 116 (Employee benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 – 119, 120A(c) to (q)]

1.13 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.14 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.15 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.16 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.17 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their original cost amounts, less any subsequent accumulated depreciation.

All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

Increases in the carrying amount arising on revaluation of land and buildings will be credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset will be charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset will be charged to the Statement of Financial Performance and depreciation based on the asset's original cost will be transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings will be charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve will be transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives,

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following guiding estimated useful lives:

| | Years | | Years |
|-------------------------|-------|------------------------|-------|
| 1 Infrastructure | | 2 Other | |
| Roads and Paving | 10-20 | Buildings | 30 |
| Pedestrian Malls | 20 | Specialist vehicles | 20 |
| Electricity | 20-30 | Other vehicles | 5 |
| Water | 15-20 | Office equipment | 5-7 |
| Sewerage | 15-20 | Furniture and fittings | 7-10 |
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5-10 |
| Community | | Specialised plant and | |
| Improvements | 30 | Equipment | 10-15 |
| Recreational Facilities | 20-30 | Other plant and | |
| Security | 3-5 | Equipment | 2-5 |
| | | Landfill sites | 30 |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.18 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties will in future be shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

1.19 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 129 (Intangible assets) The entire standard except for the recognition, measurement and disclosure of computer software and website costs [SIC 32/AC 432] and all other costs are expensed.

1.20 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

1.21 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.22 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

1.23 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.24 Grants-in-aid

The Municipality make grants to organisations and other sectors of society from time to time. When making these grants, the Municipality does not:

- Receive any goods or services as a quid pro quo;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These grants are recognised in the financial statements as expenses during the period in which transfers are made.

1.25 Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

1.26 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Income for agency services is recognised on an annual basis at the end of the financial year on a predetermined rate on total expenditure. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from non-exchange transactions

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Accounting Policy for Overberg District Municipality for the year ended 30 June 2008

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.28 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

| | 2008 R | 2007 R |
|--|-----------|-----------|
| 2 NETT ASSET RESERVES | | |
| RESERVES | 7,555,252 | 8,245,513 |
| Capitalisation Reserve | 759,086 | 759,086 |
| Government Grant Reserve | 6,292,411 | 6,955,622 |
| Donations and public contribution reserves | 503,755 | 530,805 |
| The reserves are being utilised to offset depreciation over the useful lives of the assets purchased funded from the reserves. | - | - |
| Bank and cash - The reserves are not cash-backed but represent expenditure incurred on property, plant and equipment. | - | - |
| Sub-total | 7,555,252 | 8,245,513 |
| Total Nett Asset Reserves | 7,555,252 | 8,245,513 |

3 LONG-TERM LIABILITIES

| | | |
|---|------------|------------|
| Local Registered Stock Loans | - | - |
| Annuity Loans | 9,276,869 | 11,006,205 |
| Capitalised Lease Liability | 1,130,659 | 1,543,619 |
| Government Loans : Other | - | - |
| Sub-total | 10,407,528 | 12,549,824 |
| Less : Current portion transferred to current liabilities | -2,367,260 | -2,164,671 |
| Annuity Loans | -1,952,055 | -1,745,925 |
| Capitalised Lease Liability | -415,204 | -416,745 |
| Government Loans : Other | - | - |
| Total External Loans | 8,040,268 | 10,385,153 |

Refer to Appendix A for more detail on long-term liabilities.

The future payments on the leases are as follows:

| | Within 1 Year | Rest of period | Total |
|-------------------|---------------|----------------|-----------|
| Interest Payments | 123,594 | 75,077 | 198,671 |
| Capital payments | 415,204 | 715,454 | 1,130,659 |
| | 538,799 | 790,531 | 1,329,330 |

Capitalised lease liability is secured by office equipment and motor vehicles (see note 10 on Property, Plant and Equipment)

Refer to Appendix A for more detail on long-term liabilities.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

- Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|-------------------------------------|----------|----------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| 4 NON-CURRENT PROVISIONS | | |
| Medical/ Retirement Fund | - | - |
| Provision for Leave Payment | - | - |
| Total Non-Current Provisions | - | - |

The municipality applied the exemption, mentioned here under, granted by the Minister of Finance and therefore did not obtain an actuarial valuation for post-retirement medical-aid contributions and therefore no amounts are disclosed.

In terms of the rules of the medical aid scheme the municipality has an obligation to provide post retirement medical aid contributions to all former employees that qualify for this benefit.

| | | |
|---|-----------|-----------|
| Number of retired employees receiving this benefit | 105 | 105 |
| Amount paid to medical aid on behalf of these retired employees | 1,835,358 | 1,829,550 |

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q)) The municipality applied this exemption.

5 PROVISIONS

| | | |
|--|----------------|----------|
| Current portion of Medical/ Retirement Fund | - | - |
| Current portion of long-service provision (see note 3 above) | - | - |
| Provision for service bonuses | 746,259 | - |
| Total Provisions | 746,259 | - |
| Provision for Bonuses | | |
| Balance at beginning of year | - | - |
| Contributions to provision - current year provision | 746,259 | - |
| Expenditure incurred | - | - |
| Balance at end of year | 746,259 | - |

6 TRADE PAYABLES

| | | |
|------------------------------|------------------|------------------|
| Trade creditors | 2,410,967 | 1,471,453 |
| Payments received in advance | 365,993 | 257,346 |
| Suspense Accounts | 34,329 | 25,711 |
| Staff leave | 1,824,295 | 1,436,978 |
| Deposits | 81,775 | 82,325 |
| Total Trade Payables | 4,717,358 | 3,273,813 |

7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from other spheres of Government

| |
|--|
| Municipal Infrastructure Grant |
| Finance Management Grant |
| Napier Tourism Office |
| Local Economic Development |
| Non-motorised transport |
| Spatial development framework |
| SETA training fund |
| Tourism routes |
| Human rights programme |
| Kogelberg Biosphere |
| Breede River spatial development framework |
| Alcohol abuse |
| Umsobomvu funds |
| Tourism workshops |
| Tourism projects |
| Housing training |
| CDW grant |

| 2008 | 2007 |
|-----------|-----------|
| R | R |
| 2008 | 2007 |
| R | R |
| 2,620,049 | 4,210,137 |
| 64,364 | 1,660,667 |
| 831,490 | 1,085,560 |
| 1,127 | 1,019 |
| 16,433 | 14,863 |
| 5,579 | 5,047 |
| 686,409 | 351,137 |
| 502,419 | 454,130 |
| 47,454 | 42,921 |
| 78,173 | 127,165 |
| 20,391 | 112,283 |
| 11,026 | 9,973 |
| 40,559 | 40,559 |
| - | 22,455 |
| 15,743 | 14,239 |
| 88,946 | 81,684 |
| 172,957 | 156,438 |
| 36,980 | 29,997 |

7.1a Conditional Grants from other spheres of Government for agency functions performed on their behalf

Roads function on behalf of Provincial Government

| | |
|---|-----------|
| - | 2,548,925 |
|---|-----------|

7.2 Other Conditional Receipts

Public contributions

| | |
|--------|--------|
| 22,346 | 22,346 |
| 22,346 | 22,346 |

Total Conditional Grants and Receipts

| | |
|-----------|-----------|
| 2,642,396 | 6,781,408 |
|-----------|-----------|

See note 21 for reconciliation of grants from other spheres of government.
These amounts are invested in a ring-fenced investment until utilized.

Refer to Appendix G for Unspent Grants at year-end and movements during the year.

8 TAXES

VAT payable

| | |
|---------|---------|
| 132,312 | 146,152 |
|---------|---------|

VAT is payable the following month.

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over to SARS.

10. PROPERTY, PLANT AND EQUIPMENT

| 30 June 2008 | | | | | | | | | |
|------------------------------------|--------------------|-----------------|-----------|----------|-------------|-----------------------|---------------|-----------------------|-------------|
| Reconciliation of Carrying Value | Land and Buildings | Infra-structure | Community | Heritage | Other | Housing Develop. Fund | Leased Assets | Investment Properties | Total |
| | R | R | R | R | R | R | R | R | R |
| Carrying values at 1 July 2007 | - | 7,430,868 | 1,250,657 | - | 20,356,096 | - | 1,448,854 | - | 30,486,475 |
| Cost | - | 9,284,897 | 1,378,759 | - | 39,941,716 | - | 2,129,922 | - | 52,735,295 |
| Residual Value | - | - | - | - | - | - | - | - | - |
| Correction of error (note 29) | - | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | -1,854,029 | -118,103 | - | -19,585,620 | - | -681,068 | - | -22,238,820 |
| - Cost | - | -1,854,029 | -118,103 | - | -19,585,620 | - | -681,068 | - | -22,238,820 |
| - Revaluation | - | - | - | - | - | - | - | - | - |
| Acquisitions | - | 209,483 | 488,266 | - | 1,377,743 | - | - | - | 2,075,491 |
| Acquisitions (Residual Value) | - | - | - | - | - | - | - | - | - |
| Capital under Construction | - | - | - | - | - | - | - | - | - |
| Increases/decreases in revaluation | - | - | - | - | - | - | - | - | - |
| Depreciation | - | -471,338 | -47,614 | - | -2,023,443 | - | -440,857 | - | -2,983,252 |
| - based on cost | - | -471,338 | -47,614 | - | -2,023,443 | - | -440,857 | - | -2,983,252 |
| - based on revaluation | - | - | - | - | - | - | - | - | - |
| Carrying value of transfers | - | - | - | - | - | - | - | - | - |
| Cost/revaluation | - | - | - | - | - | - | - | - | - |
| Residual Value | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - | - | - | - |
| Correction of error | - | - | - | - | - | - | - | - | - |
| | - | 7,169,013 | 1,701,308 | - | 19,710,396 | - | 1,007,997 | - | 29,588,715 |
| Carrying values at 30 June 2008 | - | 7,169,013 | 1,701,308 | - | 19,710,396 | - | 1,007,997 | - | 29,588,715 |
| Cost | - | 9,494,380 | 1,867,025 | - | 41,319,459 | - | 2,129,922 | - | 54,810,786 |
| Residual Value | - | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | -2,325,367 | -165,717 | - | -21,609,063 | - | -1,121,925 | - | -25,222,071 |
| - Cost | - | -2,325,367 | -165,717 | - | -21,609,063 | - | -1,121,925 | - | -25,222,071 |
| - Revaluation | - | - | - | - | - | - | - | - | - |

10. PROPERTY, PLANT AND EQUIPMENT (continued)

| 30 June 2007 | | | | | | | | | |
|---------------------------------------|-----------------------|---------------------|-----------|----------|-------------|-----------------------------|---------------|--------------------------|-------------|
| Reconciliation of Carrying Value | Land and Buildings | Infra- structure | Community | Heritage | Other | Housing Develop. Fund | Leased Assets | Investment Properties | Total |
| | R | R | R | R | R | R | R | R | R |
| Carrying values at 1 July 2006 | | 6,685,757 | 1,125,915 | - | 20,571,765 | - | 821,619 | - | 29,205,056 |
| Cost | - | 8,107,697 | 1,202,704 | - | 38,517,417 | - | 1,179,459 | - | 49,007,277 |
| Residual Value | - | - | - | - | - | - | - | - | - |
| Correction of Error (Note 29) | - | - | - | - | -326,437 | - | - | - | -326,437 |
| Accumulated depreciation | - | -1,421,939 | -76,789 | - | -17,619,215 | - | -357,840 | - | -19,475,783 |
| - Cost | - | -1,421,939 | -76,789 | - | -17,936,530 | - | -357,840 | - | -19,793,098 |
| Correction of Error (Note 29) | - | - | - | - | 317,314 | - | - | - | 317,314 |
| Leased Assets previously not recorded | - | - | - | - | - | - | - | - | - |
| Acquisitions | - | 1,177,201 | 176,055 | - | 1,750,736 | - | 950,463 | - | 4,054,455 |
| Capital under construction | - | - | - | - | - | - | - | - | - |
| Increases/decreases in revaluation | - | -432,090 | -41,313 | - | -1,966,405 | - | -323,229 | - | -2,763,037 |
| Depreciation | - | -432,090 | -41,313 | - | -1,966,405 | - | -323,229 | - | -2,763,037 |
| - based on cost | - | -432,090 | -41,313 | - | -1,966,405 | - | -323,229 | - | -2,763,037 |
| - based on revaluation | - | - | - | - | - | - | - | - | - |
| Carrying value of transfers | - | - | - | - | - | - | - | - | - |
| Cost/revaluation | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - | - | - | - |
| Correction of error | - | - | - | - | - | - | - | - | - |
| | - | 7,430,868 | 1,260,657 | - | 20,356,096 | - | 1,448,854 | - | 30,496,475 |
| Carrying values at 30 June 2007 | - | 7,430,868 | 1,260,657 | - | 20,356,096 | - | 1,448,854 | - | 30,496,475 |
| Cost | - | 9,284,897 | 1,378,759 | - | 39,941,716 | - | 2,129,922 | - | 52,735,295 |
| Residual Value | - | - | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | -1,854,029 | -118,103 | - | -19,585,620 | - | -681,068 | - | -22,238,820 |
| - Cost | - | -1,854,029 | -118,103 | - | -19,585,620 | - | -681,068 | - | -22,238,820 |
| - Revaluation | - | - | - | - | - | - | - | - | - |

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

30499953.63

The leased property, plant and equipment is secured as set out in Note 2.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

11 INVESTMENT PROPERTY

Cost
Less: Accumulated depreciation
Total Investment Property

| | |
|------|------|
| 2008 | 2007 |
| R | R |
| 2008 | 2007 |
| R | R |

| | |
|---|---|
| - | - |
| - | - |
| - | - |

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]

The municipality applied this exemption.

12 INTANGIBLE ASSETS

Balance at beginning of the year
Cost
Less Accumulated amortisation

| | |
|-----------|-----------|
| 3,478 | 9,123 |
| 328,597 | 326,437 |
| (325,118) | (317,314) |

Acquisitions for the year - At cost
Accumulated Amortisation for the year

| | |
|---------|---------|
| 19,425 | 2,160 |
| (2,977) | (7,804) |

Balance at end of the year
Cost
Less Accumulated amortisation

| | |
|-----------|-----------|
| 19,926 | 3,478 |
| 348,022 | 328,597 |
| (328,096) | (325,118) |

Total Intangible Assets

| | |
|--------|-------|
| 19,926 | 3,478 |
|--------|-------|

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

13 INVESTMENTS

Listed

Unlisted

2 582 Shares in Overberg Agri @ R56 per share - Held at fair value through profit and loss
2 582 Shares in Overberg Agri @ R50 per share - Held at fair value through profit and loss
Total Unlisted

| | |
|---------|---------|
| - | - |
| - | 159,712 |
| 142,600 | - |
| 142,600 | 159,712 |

The municipality obtained these shares through the former Caledon Divisional Council that became part of this municipality through amalgamation with the former Divisional Council of Bredasdorp/ Swellendam on 1 July 1989. The shares have never been declared in previous years. Shares are shown at fair value as at the end of each financial year.

Dividends received on these shares

| | |
|--------|-------|
| 20,281 | 2,139 |
|--------|-------|

Financial Instruments

Long term Deposits
Short term Deposits

| | |
|---|---|
| - | - |
| - | - |

Total Investments

| | |
|---------|---------|
| 142,600 | 159,712 |
|---------|---------|

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

14 INVENTORY

| | 2008 | 2007 |
|-----------------------------|------------------|------------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| Consumable stores – at cost | 1,574,742 | 1,050,725 |
| Other | - | - |
| Total Inventory | <u>1,574,742</u> | <u>1,050,725</u> |

Financial Instruments - Fair Value Adjustment

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (inventories):

- The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
- The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

The municipality applied this exemption.

15 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | | |
|--------------------------------|----------------|---------------|
| Service debtors | 256,460 | 312,588 |
| Electricity | 13,361 | 17,105 |
| Water | 5,784 | 11,321 |
| Sewerage | 750 | 1,370 |
| Housing rentals | 41,070 | 36,435 |
| Refuse | 3,046 | 3,522 |
| Legal fees | 97,811 | 135,539 |
| VAT | 94,639 | 107,297 |
| | - | - |
| Less : Provision for bad debts | (123,120) | (227,807) |
| Total | <u>133,340</u> | <u>84,782</u> |

(Electricity, Water, Refuse, Sanitation and Other): Ageing

| | |
|-----------------------|----------------|
| Current (0 – 30 days) | 21,374 |
| 31 - 60 Days | 66,282 |
| 61 - 90 Days | 36,744 |
| + 90 Days | 132,060 |
| Total | <u>256,460</u> |

Other Debtors: Ageing (Sundry Debtors)

| | |
|-----------------------|------------------|
| Current (0 – 30 days) | 1,013,788 |
| 31 - 60 Days | 331,527 |
| 61 - 90 Days | 45,269 |
| + 90 Days | 282,267 |
| Total | <u>1,672,850</u> |

16 TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|--|------------------|------------------|
| Suspence account debits | 204,836 | 560,013 |
| Postponed Payments | 335,562 | 335,562 |
| District Council Levies | 249,108 | 452,910 |
| Agency Function - Provincial Health Services | - | - |
| Agency Function - Provincial Health Services: Electricity deposits clinics | 3,874 | - |
| Agency Function - Provincial Roads | 2,660,876 | - |
| Sundry Debtors | <u>1,672,850</u> | <u>1,313,417</u> |
| | 5,127,105 | 2,661,901 |
| Less : Provision for bad debts | (335,562) | - |
| | <u>4,791,544</u> | <u>2,661,901</u> |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|---|------------------|-------------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| 17 BANK, CASH AND OVERDRAFT BALANCES | | |
| <u>Assets</u> | | |
| Call Investment Deposits | 5,000,000 | 10,000,000 |
| Petty Cash | 3,120 | 3,120 |
| Primary Bank Account | 4,545,249 | 1,368,596 |
| Total Cash and Cash Equivalents - Assets | 9,548,369 | 11,371,716 |
| The effective interest rate was 6.98% (2006: 6.3%). | | |
| The Municipality has the following bank accounts:- | | |
| <u>Current Account (Primary Bank Account)</u> | | |
| ABSA Bank - Bredasdorp branch | | |
| Account Number: 178 0000 062 | | |
| Cash book balance at beginning of year | 1,368,596 | 10,951,287 |
| Cash book balance at end of year | 4,545,249 | 1,368,596 |
| Bank statement balance at beginning of year - (overdrawn) | 2,338,023 | 7,317,507 |
| Bank statement balance at end of year - (overdrawn) | 6,173,307 | 2,338,023 |
| 17a Cash and cash equivalent | | |
| Call investment deposits | 5,000,000 | 10,000,000 |
| Petty Cash | 3,120 | 3,120 |
| Cash book balance | 4,545,249 | 1,368,596 |
| | 9,548,369 | 11,371,716 |
| 18 PROPERTY RATES | | |
| <u>Actual</u> | | |
| Residential, Commercial, State | - | - |
| Less: Income for Gone | - | - |
| Total Assessment Rates | - | - |
| <u>Valuations</u> | <u>July 2006</u> | <u>July 2005</u> |
| | <u>R000's</u> | <u>R000's</u> |
| Residential, Commercial | - | - |
| State | - | - |
| Building Clause | - | - |
| Total Property Valuations | - | - |
| 19 SERVICE CHARGES | 2008 | 2007 |
| | R | R |
| Cost Recover | 1,606,245 | 1,634,058 |
| Sewerage and sanitation charges | 46,600 | 4,521 |
| Sale of Water/Electricity | 220,522 | 199,109 |
| Tip Site | 1,681,194 | 1,500,372 |
| Refuse removal | 23,205 | 17,120 |
| | - | - |
| Total Service Charges | 3,577,766 | 3,355,180 |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

20 GOVERNMENT GRANTS AND SUBSIDIES

| | 2008 | 2007 |
|---|-------------------|-------------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| Equitable share | 28,070,560 | 24,680,765 |
| Councillor Allowances | 714,000 | - |
| Fire Department Capacity Building | - | 187,207 |
| CMIP Funds | - | 2,004,969 |
| Infrastructure Grant | 2,755,556 | - |
| Drought relieve | - | 330,000 |
| Kogelberg Biosphere | 97,347 | 203,443 |
| Financial Management Grant | 754,071 | 1,165,361 |
| Global Funds | 1,963,840 | 1,723,419 |
| Human Rights Projects | 56,427 | 4,939 |
| Municipal Systems Improvement Grant | 1,000,000 | 1,648,346 |
| Napier Tourism Office | - | 4,499 |
| Spatial Development Framework | - | 31,095 |
| Public Transport Facility | - | 50,860 |
| SETA Training Fund | 57,915 | 77,697 |
| Tourism Routes | - | 245,614 |
| Social Capital Funds | - | 269,139 |
| PAWK Subsidy | 32,755,888 | 46,424,551 |
| Tourism Workshop | - | 36,938 |
| Housing Training | - | 62,727 |
| SEDA Funds | - | 50,000 |
| Umsobomvu Funds | 24,422 | 247,545 |
| CDW Funds | 30,742 | 287,149 |
| Alcohol Abuse | - | 36,629 |
| Other | - | - |
| Job Creation | - | 56,037 |
| | - | - |
| Total Government Grant and Subsidies | 68,280,768 | 79,828,930 |

Refer to Appendix F for Unspent Grants at year-end and movements during the year.

21 OTHER INCOME

| | | |
|---|------------------|------------------|
| Administration Cost | 303,290 | 315,330 |
| Fire Fighting | 8,674 | 10,674 |
| Fire Fighting Contribution Chopper | - | 144,560 |
| Fire Fighting ABI Contributions | 200,000 | 106,402 |
| Uilenkraalsmond contributions from public for connection to sewerage system | - | 539,526 |
| Databank | 120,840 | - |
| Kogelberg Biosphere | - | - |
| Global fund levy | - | 191,010 |
| Fire Permits | 2,610 | 2,160 |
| Breakages Recovered | 3,760 | 10,857 |
| Sundry Income | 166,464 | 573,347 |
| Corrections iro Previous Years - Leased Assets | - | 12,293 |
| Sanitation Unit Fees | - | 1,008 |
| Electricity Connections | 420 | 1,265 |
| Rent Pipeline Landfill Site | - | 5,000 |
| Arbitration Settlement Landfill Site | - | 115,000 |
| Indirect Cost Recovered | 2,949,463 | - |
| Inspection Fees | 43,508 | 29,536 |
| Inspection Km Fees | 14,665 | 22,565 |
| Card/Key Fees | 553 | 2,675 |
| Cost Recovered | 351,899 | 582,868 |
| Building Plan Copies | 178 | 271 |
| Resort Picnic Fees | 76,621 | 66,030 |
| Pont Money | 77,965 | 63,392 |
| Insurance Money Recovered | 28,411 | 139,998 |
| Valuation Certificate | 50 | 1,275 |
| Agency function shortfall to be recovered from provincial roads | 2,265,932 | - |
| Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 35) | - | - |
| Total Other Income | 6,615,303 | 2,937,042 |

22 EMPLOYEE RELATED COSTS

| | 2008 | 2007 |
|---|-------------------|-------------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| Employee related costs - Salaries and Wages | 31,858,764 | 42,685,854 |
| Other Allowances | 361,457 | 348,176 |
| Housing Subsidy | 353,087 | 341,470 |
| Bonus | 1,677,781 | 1,857,026 |
| Long Service Bonus | 171,370 | 254,406 |
| Wages | 1,482,834 | 1,050,467 |
| Overtime | 1,292,016 | 1,722,826 |
| Salaries | 23,938,939 | 25,578,152 |
| Telephone allowances | - | - |
| Retrenchment packages | - | 8,956,790 |
| Uniform Allowance | 1,246 | 35,033 |
| Leave | - | 145,402 |
| Provision for Bonus | 746,259 | - |
| Provision for Leave | 625,114 | - |
| Leave Reserve Fund | - | 447,120 |
| Transport Allowance | 1,208,661 | 1,948,986 |
| Employee related costs - Social contributions | 6,100,703 | 6,369,874 |
| Provident fund | 998,532 | 618,024 |
| Group insurance | 452,754 | 494,155 |
| Medical Aid Contribution | 1,721,979 | 1,862,876 |
| Bargaining Council | 12,238 | 12,378 |
| Pension Fund Contribution | 2,670,992 | 3,123,560 |
| Unemployment Fund | 244,209 | 258,882 |
| Performance bonus | - | - |
| Long-service awards | - | - |
| Less: Employee costs capitalised to Property, Plant and Equipment | - | - |
| Less: Employee costs included in other expenses | - | - |
| Total Employee Related Costs | 37,959,467 | 49,055,728 |

RETRENCHMENT PACKAGES

With the abolishment of RSC levies certain staff members were additional to the service. One staff member was retrenched due to this. Council also embarked on a restructuring process and all 4 the previous managers were retrenched as part of this process.

| | | |
|--|---|-----------|
| Contract Paid till end of Period | | |
| Contribution to future Medical Aid | - | 2,321,505 |
| Retrenchment package paid due to the abolishment of RSC levies | - | 6,599,315 |
| Retrenchment packages paid due to the restructuring process | - | 8,920,820 |

Remuneration of the Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration - All inclusive package | | |
| Salary | 408,000 | 367,293 |
| Travel Allowance | 94,000 | 86,167 |
| Contribution to Pension Fund | 79,560 | 72,930 |
| Contribution to Medical Aid | 24,332 | 18,562 |
| Contribution to UIF | 1,473 | 1,283 |
| Contribution to Bargaining Council | 38 | 33 |
| Training Council Levy | 4,863 | 4,476 |
| Performance Bonuses | - | - |
| Contribution to Group Insurance | 9,302 | 8,527 |
| Bond Subsidy | 22,494 | 21,707 |
| Leave Payment | - | - |
| Travel Allowance for actual km's travelled | 22,867 | 15,765 |
| Total | 666,930 | 596,742 |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|--|--------------------|----------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| 22 EMPLOYEE RELATED COSTS | | |
| | From 24 April 2008 | |
| <i>Remuneration of Chief Financial Officer</i> | | |
| Annual Remuneration - All inclusive package | | - |
| Salary | 67,658 | 321,092 |
| Acting Allowance | 16,158 | - |
| Relocation Allowance | 47,250 | - |
| Travel Allowance | 24,833 | 125,847 |
| Contribution to Pension Fund | 12,480 | 57,797 |
| Contribution to Medical Aid | 3,431 | 24,358 |
| Contribution to Group Insurance | - | 7,321 |
| Contribution to UIF | 250 | 1,283 |
| Contribution to Bargaining Council | 6 | 33 |
| Training Council Levy | - | 3,968 |
| Performance Bonuses | - | 13,885 |
| Travel Allowance for actual km's travelled | - | 15,551 |
| Total | 172,065 | 571,134 |

Remuneration of Individual Executive Directors
30-Jun-08

| | <u>Engineering Services</u> | <u>Corporate Services</u> | <u>Safety and Health Services</u> |
|---|-----------------------------|---------------------------|-----------------------------------|
| | R | R | R |
| | From 24 April 2008 | | |
| Annual Remuneration - All inclusive package | | | |
| Salary | 67,658 | - | - |
| Acting Allowance | 1,715 | - | - |
| Relocation Allowance | 47,250 | - | - |
| Travel Allowance | 27,662 | - | - |
| Contribution to Pension Fund | 12,480 | - | - |
| Contribution to Medical Aid | 1,715 | - | - |
| Contribution to UIF | 250 | - | - |
| Contribution to Bargaining Council | 6 | - | - |
| Performance Bonuses | - | - | - |
| Leave Payment | 10,800 | - | - |
| Total | 169,536 | - | - |

30-Jun-07

| | <u>Engineering Services</u> | <u>Corporate Services</u> | <u>Safety and Health Services</u> |
|---|-----------------------------|---------------------------|-----------------------------------|
| | R | R | R |
| Annual Remuneration - All inclusive package | | | |
| Salary | 306,975 | 321,092 | 306,975 |
| Travel Allowance | 158,589 | 134,034 | 163,306 |
| Telephone Allowance | 836 | - | - |
| Contribution to Pension Fund | 55,256 | 57,797 | 55,256 |
| Contribution to Medical Aid | 16,170 | 16,170 | 12,289 |
| Contribution to Group Insurance | - | 7,321 | - |
| Contribution to UIF | 1,283 | 1,283 | 1,283 |
| Contribution to Bargaining Council | 33 | 33 | 33 |
| Training Council Levy | 4,259 | 3,984 | 4,084 |
| Performance Bonuses | 13,274 | 13,885 | 13,274 |
| Leave Payment | - | - | - |
| Travel Allowance for actual km's travelled | 77,449 | 27,870 | 39,929 |
| Total | 634,124 | 583,469 | 596,429 |

23 REMUNERATION OF COUNCILLORS

| | 2008 | 2007 |
|--|----------------|------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| Executive Mayor - JS Januarie | | |
| <i>(From 01/07/2007 till 31/08/2007)</i> | | |
| Cell phone allowance | 2,400 | |
| Transport Allowance | 19,471 | |
| Salary | 48,289 | |
| Pension contribution | 7,243 | |
| Medical aid contribution | 2,880 | |
| Travelling | 1,384 | |
| | <u>81,667</u> | |
| Executive Mayor - N Botha-Guthrie | | |
| <i>(From 16/10/2007 till 20/01/2008)</i> | | |
| Cell phone allowance | 3,777 | |
| Transport Allowance | 30,646 | |
| Salary | 91,937 | |
| | <u>126,361</u> | |
| Executive Mayor - MN Gillion | | |
| <i>(From 21/01/2008 till 30/06/2008)</i> | | |
| Cell phone allowance | 6,372 | |
| Transport Allowance | 51,691 | |
| Salary | 131,253 | |
| Pension contribution | 19,688 | |
| Medical aid contribution | 4,176 | |
| | <u>213,179</u> | |
| Executive Deputy Mayor - MN Gillion | | |
| <i>(From 01/07/2007 till 15/10/2007)</i> | | |
| Cell phone allowance | 4,180 | |
| Transport Allowance | 27,132 | |
| Salary | 68,601 | |
| Pension contribution | 10,293 | |
| Medical aid contribution | 2,482 | |
| | <u>112,689</u> | |
| Executive Deputy Mayor - PJ Jones | | |
| <i>(From 16/10/2007 till 30/06/2008)</i> | | |
| Cell phone allowance | 11,326 | |
| Transport Allowance | 70,614 | |
| Salary | 204,207 | |
| Medical aid contribution | 7,636 | |
| Travelling | 4,578 | |
| | <u>298,361</u> | |
| Speaker - R Stevens | | |
| <i>(From 01/07/2007 till 15/10/2007)</i> | | |
| Cell phone allowance | 4,192 | |
| Transport Allowance | 27,206 | |
| Salary | 68,114 | |
| Pension contribution | 10,217 | |
| Medical aid contribution | 3,296 | |
| | <u>113,025</u> | |
| Speaker - DF du Toit | | |
| <i>(From 16/10/2007 till 20/01/2008)</i> | | |
| Cell phone allowance | 3,820 | |
| Transport Allowance | 24,794 | |
| Salary | 74,179 | |
| | <u>102,794</u> | |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 R | 2007 R |
|--|----------------|-----------|
| Speaker - JC October <i>(From 21/01/2008 till 30/06/2008)</i> | | |
| | 6,372 | |
| Cell phone allowance | 41,352 | |
| Transport Allowance | 124,057 | |
| Salary | <u>171,781</u> | |
| Member Executive Committee - JC October <i>(From 01/11/2007 till 20/01/2008)</i> | | |
| | 3,228 | |
| Cell phone allowance | 19,644 | |
| Transport Allowance | 58,932 | |
| Salary | <u>81,805</u> | |
| Member Executive Committee - I Stevens <i>(From 01/07/2007 till 15/10/2007 and 21/01/2008 till 30/06/2008)</i> | | |
| | 10,524 | |
| Cell phone allowance | 64,037 | |
| Transport Allowance | 159,192 | |
| Salary | 23,879 | |
| Pension contribution | 8,638 | |
| Medical aid contribution | <u>266,270</u> | |
| Member Executive Committee - RJ Smith <i>(From 01/07/2007 till 31/08/2007)</i> | | |
| | 902 | |
| Cell phone allowance | 9,134 | |
| Transport Allowance | 23,827 | |
| Salary | 3,574 | |
| Pension contribution | 14,451 | |
| Travelling | <u>51,887</u> | |
| Member Executive Committee - MR Dennis <i>(From 10/04/2008 till 30/06/2008)</i> | | |
| | 2,255 | |
| Cell phone allowance | 20,776 | |
| Transport Allowance | 62,848 | |
| Salary | 448 | |
| Travelling | <u>86,327</u> | |
| Member Executive Committee - AE Franken <i>(From 01/11/2007 till 20/01/2008)</i> | | |
| | 3,189 | |
| Cell phone allowance | 19,404 | |
| Transport Allowance | 48,546 | |
| Salary | 2,695 | |
| Medical aid contribution | <u>73,834</u> | |
| Member Executive Committee - VE Mentle <i>(From 01/07/2007 till 21/09/2007 and 21/01/2008 till 30/06/2008)</i> | | |
| | 3,769 | |
| Cell phone allowance | 36,615 | |
| Transport Allowance | 108,978 | |
| Salary | <u>149,362</u> | |
| Member Executive Committee - LD Oosthuizen <i>(From 01/11/2007 till 20/01/2008)</i> | | |
| | 1,199 | |
| Cell phone allowance | 11,642 | |
| Transport Allowance | 36,635 | |
| Salary | <u>49,476</u> | |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|---------------------------------|------------------|------------------|
| | R | R |
| Other Councillors | | |
| Cell phone allowance | 43,136 | |
| Transport Allowance | 173,805 | |
| Salary | 529,682 | |
| Pension contribution | 22,616 | |
| Medical aid contribution | 36,447 | |
| Travelling | 71,831 | |
| | <u>877,517</u> | |
| Executive Mayor | 421,207 | 483,188 |
| Deputy Executive Mayor | 411,050 | 373,561 |
| Speaker | 387,600 | 368,061 |
| Executive Committee Members | 758,960 | 801,585 |
| Councillors | 877,517 | 946,237 |
| Total Councillors' Remuneration | <u>2,856,334</u> | <u>2,974,632</u> |

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and three other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of a Council owned vehicle for official duties.

24 INTEREST PAID

| | | |
|---------------------------------------|------------------|------------------|
| Long-term liabilities | 1,241,037 | 1,419,057 |
| Finance leases | 174,895 | 136,898 |
| Bank overdrafts | | - |
| Total Interest on External Borrowings | <u>1,415,932</u> | <u>1,557,955</u> |

25 BULK PURCHASES

| | | |
|----------------------|----------|----------|
| Electricity | - | - |
| Water | - | - |
| Total Bulk Purchases | <u>-</u> | <u>-</u> |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|--|----------------|----------------|
| | R | R |
| 26 GRANTS AND SUBSIDIES PAID | 2008 | 2007 |
| | R | R |
| Womens Day Celebrations | - | 18,567 |
| Swellendam Bursary Fund | 20,000 | - |
| Riviersonderend Primary School | 20,000 | - |
| Cape Agulhas Football Association | 7,334 | - |
| SAFA Overberg | 5,400 | - |
| Youth Leadership Camp | 16,340 | - |
| Greyton Primary School | 20,000 | - |
| Overstrand Development Trust | 23,220 | - |
| IKAMVA | 2,000 | - |
| Victoria Service Centre | 10,000 | - |
| Liefdesnessie | 1,800 | - |
| Child Welfare Bredasdorp | 5,000 | - |
| Hawston Health and Welfare | 5,000 | - |
| Albert Myburgh School | 2,500 | - |
| Agri Mega | 40,000 | - |
| Geluksoord Club for the Aged | 5,000 | - |
| Groenberg Secondary School | 25,000 | - |
| Hermanus High School | 25,000 | - |
| Fire Victims Grabouw | 5,925 | - |
| | | - |
| ID Campaign Overstrand Area | 480 | 3,335 |
| Transport Gala Evening | - | 12,465 |
| Development Program Mega Week | - | 35,750 |
| Mispah School Culture Evening | 7,000 | 2,000 |
| St Johns Primary School | - | 7,050 |
| May Day Celebrations | - | 10,480 |
| SA Disability Golf Association | - | 2,900 |
| Swellendam Municipality | - | 19,600 |
| Riviersonderend Youth Committee | - | 10,000 |
| Elim Moravian Church | - | 5,000 |
| Pineview Primary School | - | 11,500 |
| M Carelse - SAPS National Netball Championship | - | 2,500 |
| Department of Social Development | - | 5,000 |
| Joshwin Dreyer - People to People Summit - USA | - | 15,000 |
| Elim Home | - | 15,000 |
| Hawston - Harbour Facilities | - | 30,000 |
| Mooihawens Congregation - Complete Church Building | - | 15,000 |
| Otto Du Plessis Hospital | - | 1,000 |
| Mispah School | - | 15,000 |
| Overberg Tourism | - | 10,000 |
| Exploration Studies Airport | 158,646 | - |
| | | - |
| Total Grants and Subsidies | 405,646 | 247,147 |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|--|-------------------|-------------------|
| | R | R |
| 27 GENERAL EXPENSES | 2008 | 2007 |
| | R | R |
| Included in general expenses are the following:- | | |
| Advertisements | 114,037 | 245,654 |
| Deeds summaries | 2,562 | 1,986 |
| Alcohol miss-use (ex government grants) | | 36,629 |
| Pauper burials | | 8,482 |
| Tyres | 824,400 | 683,743 |
| Bank charges | 95,642 | 105,549 |
| Housing training | | 62,727 |
| Protective clothing & uniforms | 255,648 | 159,470 |
| Fuel | 5,452,518 | 4,392,465 |
| Contributions Task | 139,100 | 166,832 |
| Assistance external organizations | 49,159 | 83,308 |
| Standby chopper | 491,800 | 133,000 |
| CDW grant | 30,742 | 287,149 |
| Chemicals | 9,870 | 4,752 |
| Corrections previous years | | 10,449 |
| DAC admin | 18,000 | 18,000 |
| Regional data bank | 120,840 | 803,680 |
| Disaster Management | 38,849 | - |
| DMA Spatial Development Framework | - | 31,095 |
| Doctors accounts | 434 | 740 |
| Printing & stationery | 322,747 | 293,906 |
| Property rates | 527,773 | 100,689 |
| Economic development | - | 2,796,310 |
| Electricity purchases | 734,173 | 653,760 |
| Finance Management Grant | 363,730 | 57,560 |
| Financial reform | - | 275,671 |
| Sundries | 129,675 | 146,568 |
| Health & welfare committees | 95,865 | 90,381 |
| Global funds projects | 1,623,762 | 1,653,617 |
| IDP revision | 34,267 | 4,643 |
| IDP/Fire fighting units | 43,857 | 12,445 |
| Human rights programme | 56,427 | 4,939 |
| Rental vehicles | 178,857 | 40,828 |
| Rental buildings | 23,402 | 50,588 |
| Rental offices | 163,067 | 104,068 |
| Rental equipment | 44,813 | 251,958 |
| Indirect costs | 296,298 | 325,995 |
| Infrastructure Grant | 2,755,556 | - |
| Tow-in costs | 208,053 | 142,293 |
| ISP dial-ups | 34,453 | 37,829 |
| Youth development | 106,925 | 163,433 |
| Card fees | 27,156 | 24,220 |
| Capacity building | - | 24,300 |
| Kogelberg Biosphere | 97,347 | 203,443 |
| Consultant fees | 7,465 | 101,183 |
| Flowers & food | 4,749 | 6,442 |
| Paraffin | 300,282 | 289,644 |
| LED summit | - | 70,585 |
| Membership fees | 109,826 | 98,997 |
| Air Pollution Control | 5,421 | - |
| Blades | 279,540 | 319,964 |
| Lead Removal | 9,588 | - |
| Napier tourism office | - | 4,499 |
| Oil | 55,846 | 54,400 |
| Environment monitoring | 34,662 | 27,118 |
| Environment audit | - | 23,427 |
| Interviews & furniture transport | 1,610 | 51,731 |
| Workmans compensation | 163,967 | 118,710 |
| Deforestation | 25,632 | 99,161 |
| Public functions & demonstrations | 29,172 | 35,362 |
| Sub-total carried forward | <u>16,539,564</u> | <u>15,994,376</u> |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|-------------------------------------|-------------------|-------------------|
| | R | R |
| Sub-total brought forward | 16,539,564 | 15,994,376 |
| Operators costs | - | 1,049,801 |
| Training costs | 74,296 | 144,431 |
| Skills development levy | 254,331 | 273,842 |
| Surveying of plots | - | 18,110 |
| Audit fees | 814,068 | 709,833 |
| Audit Committee compensation | 23,761 | 4,144 |
| Parental guidance alcohol miss-use | 47,905 | 46,000 |
| Pensioners | 1,967,447 | 1,938,249 |
| Personnel advisory services | 187,740 | 184,632 |
| Personnel entertainment | 35,968 | 34,726 |
| Pest control | 60 | 945 |
| Postage & telephone | 1,462,978 | 1,620,843 |
| Public transport facilities | - | 50,860 |
| Legal costs | 219,440 | 199,306 |
| Subsistence and travel | 314,964 | 517,380 |
| Travel costs Global funds | 12,347 | 16,441 |
| Swellendam water purification works | - | 937,699 |
| Sanitation and refuse removal | 144,267 | 180,875 |
| SEDA funds | - | 50,000 |
| Security services | 341,315 | 273,678 |
| SETA training fund | 57,915 | 77,697 |
| Cleaning material | 78,649 | 76,443 |
| Shelters and protection programme | 45,310 | 14,498 |
| Social capital funds | - | 269,139 |
| Spanjaardskloof water | - | 199,601 |
| Special projects | 478,294 | 251,754 |
| Subscriptions & congresses | 9,306 | 80,692 |
| Entertainment allowance: Mayor | - | 33,410 |
| Tourism roadsigns framework | - | 245,614 |
| Tourism workshops | - | 36,938 |
| Umsobumvu funds | 4,547 | 247,545 |
| Co-use agreement TFDC airport | - | 272,133 |
| Insurance | 433,479 | 384,309 |
| Food samples | 26,909 | 41,659 |
| Vehicle licences | 10,011 | 15,608 |
| Early child development | 27,751 | 44,215 |
| Waste management plan | - | 70,000 |
| Water purchases | 108,331 | 112,918 |
| Water samples | 176,445 | 226,873 |
| Weigh bridge calibration | 7,148 | 6,576 |
| Plant/vehicle rental | 3,980,241 | 4,064,135 |
| Waenhuiskrans bulk water supply | - | 323,689 |
| Waenhuiskrans sewerage system | - | 543,981 |
| Agency fee on roads function | - | - |
| Fair value loss | 17,112 | - |
| | <u>27,901,899</u> | <u>31,885,600</u> |

| | 2008 | 2007 |
|---|------|------|
| | R | R |
| 28 SURPLUS OF ASSOCIATE | 2008 | 2007 |
| | R | R |
| Share of retained profit on the equity method | - | - |

29 CORRECTION OF ERROR

29.1 Intangible Assets

Computer software was incorrectly classified under Property, Plant and Equipment in previous years. The balances were restated as at 1 July 2006 and transferred to Intangible Asset.

29.1.1 Property, plant and equipment - Cost

Balance previously reported

01 July 2006

49,007,277

Reclassification of computer software as Intangible Assets

-326,437

Restated Balance

48,680,840

29.1.2 Accumulated Depreciation

Balance previously reported

19,793,098

Reclassification of computer software as Intangible Assets

-317,314

Restated Balance

19,475,783

29.1.3 Intangible Assets

Balance previously reported

-

Transferred from Property, Plant and Equipment - Cost

326,437

Transferred from Property, Plant and Equipment - Accumulated Depreciation

-317,314

Restated Balance

9,123

29.2 RSC Levies

All RSC Levies received during 2007/2008 were credited to the opening balance of the accumulated surplus on 1 July 2006.

01 July 2006

29.2.1 Accumulated Surplus

Balance previously reported

28,084,323

RSC Levies received during 2007/2008

84,200

Restated Balance

28,168,523

29.3 Reclassification of Trade Receivables

Trade Receivables were previously classified as Consumer Debtors and Other Debtors. In terms of GRAP 1 Trade Receivables should have been classified as from Non-Exchange Transactions or from Exchange Transactions. The amounts were restated as at 30 June 2007. An amount of R3 243 016 relating to Health subsidies was also written-off since it was not recoverable.

30 June 2007

29.3.1 Consumer Debtors

Balance previously reported

2,749,803

Service debtors transferred to Trade Receivables from Exchange Transactions

-312,588

Suspense Account debits transferred to Trade Receivables from Non-Exchange Transactions

-560,013

Postponed Payments transferred to Trade Receivables from Non-Exchange Transactions

-335,562

Sundry Debtors transferred to Trade Receivables from Non-Exchange Transactions

-1,313,417

Provision for bad debt transferred to Trade Receivables from Exchange Transactions

227,807

Cash Advances transferred to Trade Receivables from Non-Exchange Transactions

-3,120

RSC Levies transferred to Trade Receivables from Non-Exchange Transactions

-452,910

Restated Balance

0

| | 2008 R | 2007 R |
|--|-----------|---------------------|
| 29 CORRECTION OF ERROR (Continued) | | |
| | | 30 June 2007 |
| 29.3.2 Other Debtors | | |
| Balance previously reported | | <u>3,158,816</u> |
| Agency Function Provincial Health transferred to Trade Receivables from Non-Exchange Transactions | | <u>-3,158,816</u> |
| Restated Balance | | <u>-</u> |
| 29.3.3 Trade Receivables from Non-Exchange Transactions | | |
| Balance previously reported | | <u>-</u> |
| Transferred from Consumer Debtors (Note 29.3.1) | | 2,665,021 |
| Transferred from Other Debtors (Note 29.3.2) | | 3,158,816 |
| Health Subsidy written-off (Note 29.3) | | -3,243,016 |
| RSC Levies not previously recognised (Note XXX) | | 84,200 |
| Cash Advances reclassified as Cash and Cash Equivalents (Note 29.4) | | -3,120 |
| Restated Balance | | <u>2,661,901</u> |
| 29.3.4 Trade Receivables from Exchange Transactions | | |
| Balance previously reported | | <u>-</u> |
| Transferred from Consumer Debtors (Note 29.3.1) | | 84,781 |
| Restated Balance | | <u>84,781</u> |
| 29.3.5 Accumulated Surplus | | |
| Balance previously reported | | <u>18,074,797</u> |
| Health Subsidy written-off (Note 29.3.3) | | -3,243,016 |
| Restated Balance | | <u>14,831,780</u> |
| 29.4 Cash Advances and Call Investment Deposits | | |
| Cash advances were incorrectly classified as Consumer Debtors in the prior year financial statements. It should have been classified as Cash and Cash Equivalents. Call Investment Deposits were also reclassified as Cash and Cash Equivalents. These amounts were restated as at 30 June 2007. | | |
| | | 30 June 2007 |
| 29.4.1 Cash and Cash Equivalents | | |
| Balance previously reported | | <u>1,368,596</u> |
| Reclassification of Cash Advances (Note 29.3.3) | | 3,120 |
| Reclassification of Call Investment Deposits (Note 29.4.2) | | 10,000,000 |
| Restated Balance | | <u>11,371,716</u> |
| 29.4.2 Call Investment Deposits | | |
| Balance previously reported | | <u>10,000,000</u> |
| Reclassification of Call Investment Deposits as Cash and Cash Equivalents (Note 29.4.1) | | -10,000,000 |
| Restated Balance | | <u>-</u> |

OVERBERG DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 | 2007 |
|--|------------------|--------------------|
| | R | R |
| | 2008 | 2007 |
| | R | R |
| 30 CASH GENERATED BY OPERATIONS | | |
| Net surplus for the year | 4,075,790 | -13,131,322 |
| Adjustment for:- | | |
| (Surplus)/Deficit of agency functions | | -14,166 |
| Depreciation | 2,983,252 | 2,763,036 |
| Amortisation | 2,977 | 7,804 |
| Contribution to provisions – Bonus | 746,259 | - |
| Investment income | -2,230,114 | -3,452,368 |
| Interest paid | 1,415,932 | 1,557,955 |
| Dividends received | -20,281 | -2,139 |
| Operating surplus before working capital changes: | 6,973,815 | -12,271,200 |
| (Increase) in inventories | -524,017 | -23,264 |
| (Increase)/decrease in debtors | -48,558 | 7,151,178 |
| (Increase)/decrease in other debtors | -2,129,643 | 1,908,209 |
| (Decrease)/increase in conditional grants and receipts | -4,139,013 | -5,655,588 |
| Increase in creditors | 1,443,545 | -2,517,796 |
| Increase in VAT | -13,840 | -131,114 |
| Cash generated by/(utilised in) operations | 1,562,289 | -11,539,575 |

| | 2008 | 2007 |
|---|-------------------|--------------------|
| | R | R |
| 30 CASH GENERATED BY OPERATIONS (Continued) | R | R |
| 30a Cash receipts from ratepayers, government and other | | |
| Revenue for the year | 93,112,514 | 98,128,606 |
| Plus: Debtors at the beginning of the year | 2,746,683 | 11,721,871 |
| | 95,859,196 | 109,850,477 |
| Less: Debtors at the end of the year | 4,924,884 | 2,746,683 |
| | <u>90,934,312</u> | <u>107,103,794</u> |

31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

| | | |
|--|-------------------|-------------------|
| Long-term liabilities (see Note 3) | 10,407,528 | 12,549,824 |
| Used to finance property, plant and equipment – at cost | - | - |
| Sub- total | 10,407,528 | 12,549,824 |
| Cash set aside for the repayment of long-term liabilities | - | - |
| Cash invested for repayment of long-term liabilities (see note 17) | <u>10,407,528</u> | <u>12,549,824</u> |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.75 % and 17.50 % and will be repaid by 2021

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

| | | |
|---|----------|----------|
| Opening balance | - | - |
| Unauthorised expenditure current year | - | - |
| Approved by Council or condoned | - | - |
| Transfer to receivables for recovery | - | - |
| Unauthorised expenditure awaiting authorisation | <u>-</u> | <u>-</u> |

| Incident | Disciplinary steps/criminal proceedings |
|----------|---|
| | |

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 1,637,104 | 1,637,104 |
| Fruitless and wasteful expenditure current year | - | - |
| To be recovered – contingent asset (see note 40) | - | - |
| Fruitless and wasteful expenditure awaiting condonement | <u>1,637,104</u> | <u>1,637,104</u> |

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| After the election on 5 March 2006 a new council was elected. The council decided to end the contract of the Municipal Manager that was valid until November 2007. Costs paid to the Municipal Manager. Condonement was asked from National Treasury but no response has been received. | |

Irregular expenditure

Reconciliation of irregular expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 3,019,229 | 1,503,577 |
| Fruitless and wasteful expenditure current year | - | 1,515,652 |
| Condoned or written off by Council | - | - |
| Transfer to receivables for recovery – not condoned | - | - |
| Irregular expenditure awaiting condonement | <u>3,019,229</u> | <u>3,019,229</u> |

| Incident | Disciplinary steps/criminal proceedings |
|---|---|
| Consultant, Senzenina was appointed on a long term contract without following the tender procedures. The contract was allocated to put a Economic Development Strategy in place. The contract was terminated during 2006/07. Condonement was asked from National Treasury but no response has been received | |

| | 2008 | 2007 |
|--|-------------|-------------|
| | R | R |
| 32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | | |
| <u>32.1 Contributions to organized local government</u> | 2008 | 2007 |
| | R | R |
| Opening balance | - | - |
| Council subscriptions | 109,826 | 98,997 |
| Amount paid - current year | -109,826 | -98,997 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| <u>32.2 Audit fees</u> | | |
| Opening balance | - | - |
| Current year audit fee | 814,068 | 709,833 |
| Amount paid - current year | -814,068 | -709,833 |
| Adjustments | - | - |
| Balance unpaid (included in creditors) | - | - |
| <u>32.3 VAT</u> | - | - |
| VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year. | | |
| <u>32.4 PAYE and UIF</u> | | |
| Opening balance | - | - |
| Current year payroll deductions | 3,584,084 | 4,916,395 |
| Amount paid - current year | -3,584,084 | -4,916,395 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |
| <u>32.5 Pension and Medical Aid Deductions</u> | | |
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 8,876,588 | 13,003,910 |
| Amount paid - current year | -8,876,588 | -13,003,910 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | - | - |

2008
R

2007
R

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT (continued)

32.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

| | <u>Total</u> | <u>Outstanding less than 90 days</u> | <u>Outstanding more than 90 days</u> |
|--|--------------|--|--|
| 30-Jun-08 | | | |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Total Councillor Arrear Consumer Accounts | - | - | - |
| 30-Jun-07 | | | |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Councillor | - | - | - |
| Total Councillor Arrear Consumer Accounts | - | - | - |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

| | <u>Highest Amount Outstanding</u> | <u>Ageing</u> |
|------------|---|---------------|
| 30-Jun-08 | | |
| Councillor | - | --- days |
| Councillor | - | --- days |
| Councillor | - | --- days |
| Councillor | - | --- days |
| Councillor | - | --- days |
| Councillor | - | --- days |
| 30-Jun-07 | | |
| Councillor | | --- days |
| Councillor | | --- days |
| Councillor | | --- days |
| Councillor | | --- days |
| Councillor | | --- days |
| Councillor | | --- days |

32.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

None

| | 2008 R | 2007 R |
|--|-----------|------------------|
| 33 CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure: | | |
| - Approved and contracted for | - | 2,000,000 |
| Infrastructure | | 2,000,000 |
| Community | - | - |
| Heritage | - | - |
| Other | - | - |
| Housing Development Fund | - | - |
| Investment Properties | - | - |
| - Approved but not yet contracted for | - | - |
| Infrastructure | - | - |
| Community | - | - |
| Heritage | - | - |
| Other | - | - |
| Housing Development Fund | - | - |
| Investment Properties | - | - |
| Total | - | 2,000,000 |
| This expenditure will be financed from: | | |
| - External Loans | - | 2,000,000 |
| - Capital Replacement Reserve | - | - |
| - Government Grants | - | - |
| - Own resources | - | - |
| - District Council Grants | - | - |
| | - | 2,000,000 |

34 RETIREMENT BENEFIT INFORMATION

All employees belong to the Cape Joint Fund or the SAMWU National Provident Fund and Council makes a contribution towards the fund on behalf of each employee. Councillors have the option of belonging to the Pension Fund for Municipal Councillors. Their contributions are included in their total cost to company.

35 CONTINGENT LIABILITY

1. Senzenina, who was appointed to perform LED on behalf of the municipality disputes Council's decision to cancel their contract. The case was withdrawn after year end.

2. The Municipal Manager was suspended during the financial year. He disputed his suspension and the case is still under investigation. This may result in a possible payment to the Municipal Manager

3. A claim of R660 000 was made against the municipality by the widow of mnr A Eksteen who was killed when his car ran into a ditch caused by a flood. The matter is on the Supreme Court roll for the 9 March 2009. Estimated legal cost exposure R200 000.

4. Fijnbosch Farm CC and R Hanel instituted a claim against the municipality of R131 000 for alleged damages suffered in a veld fire. Estimated legal cost exposure R20 000

| | |
|------|------|
| 2008 | 2007 |
| R | R |

36 CONTINGENT ASSET

The Municipality is not aware of any contingent assets

37 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations and assistance.

38 FINANCIAL INSTRUMENTS

38.1 Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.
This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non- payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

| | 2008 R | 2007 R |
|--|-------------------|-------------------|
| 38 FINANCIAL INSTRUMENTS (Continued) | | |
| The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows: | 2008 R | 2007 R |
| Trade Receivables - Exchange Transactions | 133,340 | 84,782 |
| Trade Receivables - Non-Exchange Transactions | 4,791,544 | 2,661,901 |
| Short term Investment Deposits | 5,000,000 | 10,000,000 |
| Bank Balances and Cash | 4,548,369 | 1,371,716 |
| VAT | 132,312 | 146,152 |
| Maximum Credit and Interest Risk Exposure | <u>14,605,565</u> | <u>14,264,551</u> |

39 RELATED PARTY TRANSACTIONS

| 39.1 Related Party Transactions | Rates | Service Charges | Outstanding Balances |
|---------------------------------|-------|--------------------|-------------------------|
|---------------------------------|-------|--------------------|-------------------------|

Year ended 30 June 2008

Councillors

Municipal Manager and Section 57 Personnel

Year ended 30 June 2007

Councillors

Municipal Manager and Section 57 Personnel

39.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted.

39.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Overberg District Municipality:

- * Executive Mayor
- * Speaker
- * Mayoral Committee members
- * Councillors
- * Municipal Manager
- * Director: Finance
- * Director: Engineering Services

Their short term employee benefits are disclosed in notes 22 & 23

APPENDIX A
OVERBERG DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

| EXTERNAL LOANS | Loan Rate | Loan Number | Redeemable | Balance at 2007/06/30 | Received during the period | Redeemed written off during the period | Balance at 2008/06/30 | Carrying Value of Property, Plant & Equip | Other Costs in accordance with the MFMA |
|------------------------|-----------|-------------|------------|-----------------------|----------------------------|--|-----------------------|---|---|
| LONG-TERM LOANS | | | | R | R | R | R | R | R |
| Total long-term loans | | | | - | - | - | - | - | - |
| ANNUITY LOAN | | | | | | | | | |
| Absa | 8.50% | | 2010/06/30 | 154,366 | | 44,781 | 109,585 | - | - |
| Absa | 8.50% | | 2010/06/30 | 69,256 | | 20,091 | 49,165 | - | - |
| Absa | 8.50% | | 2010/06/30 | 253,244 | | 73,486 | 179,779 | - | - |
| Absa | 8.50% | | 2010/06/30 | 123,577 | | 35,849 | 87,727 | - | - |
| Absa | 8.50% | | 2010/06/30 | 208,603 | | 60,515 | 148,088 | - | - |
| Inca | 14.21% | | 2011/06/30 | 4,682,077 | | 940,413 | 3,741,664 | - | - |
| Inca | 9.15% | | 2009/12/31 | 386,591 | | 136,842 | 229,749 | - | - |
| Inca | 9.30% | | 2014/12/31 | 3,578,109 | | 347,728 | 3,230,381 | - | - |
| Inca | 9.45% | | 2019/12/31 | 1,570,381 | - | 69,649 | 1,500,732 | - | - |
| Total Annuity Loans | | | | 11,006,205 | - | 1,729,335 | 9,276,869 | - | - |
| GOVERNMENT LOANS | | | | | | | | | |
| Total Government Loans | | | | - | - | - | - | - | - |
| LEASE LIABILITY | | | | | | | | | |
| Vehicles and Equipment | | | | 1,543,619 | | 412,960 | 1,130,659 | - | - |
| | | | | 1,543,619 | - | 412,960 | 1,130,659 | - | - |
| TOTAL EXTERNAL LOANS | | | | 12,549,824 | - | 2,142,296 | 10,407,528 | - | - |

APPENDIX B
OVERBERG DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

| | Cost/Revaluation | | | | Accumulated Depreciation | | | | Carrying Value |
|---------------------------------|-------------------|--------------------------------|----------------|--------------------------|--------------------------|-----------|--------------------------|-------------------|------------------|
| | Opening Balance | Opening Balance Residual Value | Additions | Additions Residual Value | Transfers | Disposals | Disposals Residual Value | Closing Balance | |
| Land and Buildings | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure | | | | | | | | | |
| ACCESS CONTROL | 51,008 | | 0 | | 0 | 0 | | 51,008 | 0 |
| BRIDGES, SUBWAYS & CULVERTS | 21,430 | | 0 | | 0 | 0 | | 21,430 | 14,261 |
| FENCING | 243,862 | | 0 | | 0 | 0 | | 243,862 | 16,244 |
| ELECTRICITY MAINS | 43,375 | | 0 | | 0 | 0 | | 43,375 | 34,688 |
| WATER MAINS | 877,375 | | 209,483 | | 0 | 0 | | 1,086,857 | 886,168 |
| OTHER ROADS | 430,000 | | 0 | | 0 | 0 | | 430,000 | 41,967 |
| SECURITY SYSTEM | 118,368 | | 0 | | 0 | 0 | | 118,368 | 12,509 |
| SEWER NETWORK | 7,006,570 | | 0 | | 0 | 0 | | 7,006,570 | 5,947,208 |
| ELECTRICITY SUPPLY/RETICULATION | 452,910 | | 0 | | 0 | 0 | | 452,910 | 180,412 |
| STORM WATER DRAINS | 30,000 | | 0 | | 0 | 0 | | 30,000 | 16,204 |
| TRANSFORMER KIOSKS | 10,000 | | 0 | | 0 | 0 | | 10,000 | 9,332 |
| | 9,284,937 | 0 | 209,483 | 0 | 0 | 0 | 0 | 9,494,420 | 7,159,013 |
| Community Assets | | | | | | | | | |
| FIRE STATIONS | 1,001,642 | | 0 | | 0 | 0 | | 1,001,642 | 869,241 |
| GOLF COURSES | 17,500 | | 0 | | 0 | 0 | | 17,500 | 16,618 |
| PUBLIC CONVENIENCES/BATHHOUSES | 359,617 | | 488,266 | | 0 | 0 | | 847,883 | 815,450 |
| | 1,378,759 | 0 | 488,266 | 0 | 0 | 0 | 0 | 1,867,025 | 1,701,308 |
| Heritage Assets | | | | | | | | | |
| Historical Buildings | 0 | | 0 | | 0 | 0 | | 0 | 0 |
| Painting & Art Galleries | 0 | | 0 | | 0 | 0 | | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total carried forward | 10,663,657 | 0 | 697,749 | 0 | 0 | 0 | 0 | 11,361,406 | 8,870,322 |

* Includes correction of error referred to in Note 32.

APPENDIX B
OVERBERG DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

| ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006 | | | | | | | | | | | | | | |
|---|-----------------|--------------------------------|-----------|--------------------------|--------------------|--------------------------|--------------------------|-----------------|----------------|-----------------|-----------|-----------|-----------------|------------|
| | Cost | | | | | Accumulated Depreciation | | | Carrying Value | | | | | |
| | Opening Balance | Opening Balance Residual Value | Additions | Additions Residual Value | Under Construction | Transfers | Disposals Residual Value | Closing Balance | | Opening Balance | Additions | Transfers | Closing Balance | |
| Total brought forward | 10,663,657 | 0 | 697,748 | 0 | 0 | 0 | 0 | 11,361,405 | 1,972,132 | 518,952 | 0 | 0 | 2,491,084 | 8,870,322 |
| Housing Rental Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Leased Assets (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Motor vehicles | 765,676 | | | 0 | 0 | 0 | 0 | 765,676 | 440,186 | 163,881 | 0 | 0 | 604,067 | 161,609 |
| Office machines | 1,364,246 | | 0 | 0 | 0 | 0 | 0 | 1,364,246 | 240,882 | 276,976 | 0 | 0 | 517,858 | 846,388 |
| | 2,129,922 | 0 | 0 | 0 | 0 | 0 | 0 | 2,129,922 | 681,068 | 440,857 | 0 | 0 | 1,121,926 | 1,007,997 |
| Other Assets | | | | | | | | | | | | | | |
| AIR CONDITIONERS | 113,783 | | 0 | 0 | 0 | 0 | 0 | 113,783 | 40,791 | 15,927 | 0 | 0 | 58,719 | 57,065 |
| CABINETS/CUPBOARDS | 9,900 | | 3,485 | 0 | 0 | 0 | 0 | 13,385 | 1,983 | 1,135 | 0 | 0 | 3,118 | 10,247 |
| CARAVANS PARKS | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHAIRS | 149,759 | | | 0 | 0 | 0 | 0 | 149,759 | 95,973 | 25,104 | 0 | 0 | 121,076 | 28,683 |
| COMPUTER HARDWARE | 1,673,455 | | 126,160 | 0 | 0 | 0 | 0 | 1,799,614 | 1,290,449 | 203,313 | 0 | 0 | 1,483,761 | 315,653 |
| COMPUTER SOFTWARE | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RADIO EQUIPMENT | 187,355 | | 42,028 | 0 | 0 | 0 | 0 | 229,381 | 153,795 | 26,278 | 0 | 0 | 189,074 | 49,307 |
| TELECOM. EQUIPMENT | 26,005 | | 0 | 0 | 0 | 0 | 0 | 26,005 | 23,982 | 677 | 0 | 0 | 24,659 | 1,346 |
| FIRE | 373,752 | | 45,073 | 0 | 0 | 0 | 0 | 418,825 | 63,074 | 27,841 | 0 | 0 | 90,915 | 327,910 |
| FURNITURE & EQUIPMENT | 1,257,030 | | 5,570 | 0 | 0 | 0 | 0 | 1,262,599 | 501,963 | 246,684 | 0 | 0 | 750,646 | 511,953 |
| GENERAL | 1,066,806 | | 0 | 0 | 0 | 0 | 0 | 1,066,806 | 644,526 | 126,416 | 0 | 0 | 770,942 | 295,863 |
| HOSTELS-WORKERS | 99,070 | | 0 | 0 | 0 | 0 | 0 | 99,070 | 90,864 | 3,311 | 0 | 0 | 94,175 | 4,895 |
| HOUSING SCHEME | 259,324 | | 0 | 0 | 0 | 0 | 0 | 259,324 | 195,342 | 3,209 | 0 | 0 | 198,550 | 60,774 |
| MISCELLANEOUS | 143,851 | | 1,910 | 0 | 0 | 0 | 0 | 145,761 | 33,475 | 14,779 | 0 | 0 | 48,253 | 97,508 |
| OFFICE BUILDINGS | 3,228,066 | | 4,610 | 0 | 0 | 0 | 0 | 3,232,675 | 2,491,688 | 26,407 | 0 | 0 | 2,518,285 | 714,381 |
| OFFICE MACHINES | 518,596 | | 20,796 | 0 | 0 | 0 | 0 | 539,382 | 294,786 | 91,292 | 0 | 0 | 368,090 | 153,293 |
| WATER SUPPLY/RETICULATION | 17,940 | | 0 | 0 | 0 | 0 | 0 | 17,940 | 5,385 | 600 | 0 | 0 | 5,985 | 11,955 |
| TABLES/DESKS | 90,050 | | 0 | 0 | 0 | 0 | 0 | 90,050 | 43,782 | 14,750 | 0 | 0 | 59,531 | 31,518 |
| TIP SITES | 8,771,725 | | 0 | 0 | 0 | 0 | 0 | 8,771,725 | 1,755,947 | 293,192 | 0 | 0 | 2,049,139 | 6,722,586 |
| MOTOR VEHICLES | 373,308 | | 0 | 0 | 0 | 0 | 0 | 373,308 | 278,251 | 40,892 | 0 | 0 | 319,143 | 54,165 |
| BUSES | 50,850 | | 0 | 0 | 0 | 0 | 0 | 50,850 | 37,167 | 2,158 | 0 | 0 | 39,325 | 11,525 |
| BOAT | 21,920 | | 23,754 | 0 | 0 | 0 | 0 | 45,674 | 19,277 | 3,467 | 0 | 0 | 21,744 | 23,931 |
| COMPRESSORS | 18,879 | | 0 | 0 | 0 | 0 | 0 | 18,879 | 18,879 | 0 | 0 | 0 | 0 | 0 |
| FIRE ENGINES | 4,224,533 | | 986,890 | 0 | 0 | 0 | 0 | 5,211,423 | 915,288 | 294,887 | 0 | 0 | 1,210,175 | 4,001,248 |
| LAWN/MOWERS | 48,820 | | 3,591 | 0 | 0 | 0 | 0 | 52,411 | 46,734 | 3,188 | 0 | 0 | 49,922 | 2,489 |
| TRUCKS/BKAKIES | 1,316,450 | | 0 | 0 | 0 | 0 | 0 | 1,316,450 | 911,181 | 102,950 | 0 | 0 | 1,014,131 | 302,320 |
| TRACTORS | 50,150 | | 0 | 0 | 0 | 0 | 0 | 50,150 | 28,154 | 3,788 | 0 | 0 | 31,942 | 18,208 |
| CARAVAN PARKS | 15,660,350 | | 113,899 | 0 | 0 | 0 | 0 | 15,964,248 | 9,613,675 | 449,198 | 0 | 0 | 10,062,874 | 5,901,374 |
| INVENTORY | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 39,941,716 | 0 | 1,377,743 | 0 | 0 | 0 | 0 | 41,319,459 | 19,585,520 | 2,023,443 | 0 | 0 | 21,609,063 | 19,710,386 |
| | | | | | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | | | | |
| Total | 52,735,295 | 0 | 2,076,491 | 0 | 0 | 0 | 0 | 54,810,786 | 22,238,820 | 2,983,252 | 0 | 0 | 26,222,071 | 29,586,715 |

APPENDIX C
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 June 2008

| | Cost | | | | Accumulated Depreciation | | | | Carrying Value |
|-----------------------------|-------------------|--------------------------------|------------------|--------------------------|--------------------------|-----------|--------------------------|-------------------|-------------------|
| | Opening Balance | Opening Balance Residual Value | Additions | Additions Residual Value | Transfers | Disposals | Disposals Residual Value | Closing Balance | |
| Executive & Council | 695,023 | | - | | - | - | | 695,023 | 152,413 |
| Finance & Admin | 7,226,853 | | 86,640 | | - | - | | 7,313,494 | 2,135,793 |
| Planning & Development | 181,997 | | - | | - | - | | 181,997 | 67,181 |
| Health | - | | - | | - | - | | - | - |
| Community & Social Services | 38,128 | | - | | - | - | | 38,128 | 16,911 |
| Housing | - | | - | | - | - | | - | - |
| Public Safety | 7,422,465 | | 1,134,499 | | - | - | | 8,556,965 | 5,903,093 |
| Sport & Recreation | 26,299,026 | | 816,909 | | - | - | | 27,116,735 | 14,135,626 |
| Environmental Protection | 551,708 | | 37,443 | | - | - | | 589,151 | 148,839 |
| Waste Management | 8,797,715 | | - | | - | - | | 8,797,715 | 6,722,596 |
| Road Transport | 391,430 | | - | | - | - | | 391,430 | 14,281 |
| Water | 257,640 | | - | | - | - | | 257,640 | 95,719 |
| Electricity | 452,910 | | - | | - | - | | 452,910 | 180,412 |
| Other | 418,999 | | - | | - | - | | 418,999 | 109,662 |
| Leased assets | - | | - | | - | - | | - | - |
| TOTAL | 52,735,295 | | 2,075,491 | | - | - | - | 54,810,786 | 29,596,715 |
| | | | | | | | | 2,993,252 | 25,222,071 |
| | | | | | | | | 22,238,620 | |

APPENDIX D
OVERBERG DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2008

| 2007 Actual Income | 2007 Actual Expenditure | 2007 Surplus/ (Deficit) | | 2008 Actual Income | 2008 Actual Expenditure | 2008 Surplus/ (Deficit) |
|--------------------------|-------------------------------|-------------------------------|-----------------------------|--------------------------|-------------------------------|-------------------------------|
| R | R | R | | R | R | R |
| 3,631,009 | 19,938,416 | -16,307,407 | Executive & Council | 1,904,861 | 6,710,566 | -4,805,706 |
| 34,182,772 | 15,348,014 | 18,834,758 | Finance & Admin | 40,812,035 | 12,991,964 | 27,820,071 |
| 129,152 | 2,007,154 | -1,878,003 | Planning & Development | 219,290 | 785,012 | -565,721 |
| 3,403,861 | 3,403,861 | - | Health | 95,495 | 95,495 | - |
| 2,475,710 | 3,436,021 | -960,311 | Community & Social Services | 1,988,704 | 3,055,799 | -1,067,095 |
| - | - | - | Housing | - | - | - |
| 1,317,966 | 8,789,093 | -7,471,127 | Public Safety | 257,973 | 10,035,788 | -9,777,814 |
| 9,060,251 | 7,373,697 | 1,686,554 | Sport & Recreation | 9,332,204 | 8,511,344 | 820,860 |
| 139,817 | 5,989,011 | -5,849,194 | Environmental Protection | 98,742 | 6,054,860 | -5,956,118 |
| 3,255,130 | 2,612,886 | 642,244 | Waste Management | 3,289,939 | 2,145,863 | 1,144,076 |
| 44,788,064 | 44,773,898 | 14,166 | Road Transport | 36,541,227 | 38,807,159 | -2,265,932 |
| - | - | - | Water | - | - | - |
| - | - | - | Electricity | - | - | - |
| 39,589 | 1,882,591 | -1,843,003 | Other | 32,018 | 1,302,848 | -1,270,831 |
| <u>102,423,319</u> | <u>115,554,642</u> | <u>-13,131,322</u> | Sub Total | <u>94,572,488</u> | <u>90,496,697</u> | <u>4,075,790</u> |
| -4,294,713 | -4,294,713 | - | Less Inter-Dep Charges | -1,459,974 | -1,459,974 | - |
| <u>98,128,606</u> | <u>111,259,929</u> | <u>-13,131,322</u> | Total | <u>93,112,514</u> | <u>89,036,724</u> | <u>4,075,790</u> |
| | | - | Add: Share of Associate | | | - |
| | | <u>-13,131,322</u> | | | | <u>4,075,790</u> |

APPENDIX E(1)

OVERBERG DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

| REVENUE | 2008 Actual (R) | 2008 Budget (R) | 2008 Variance (R) | 2008 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded) |
|---|--------------------|--------------------|----------------------|----------------------|---|
| Property rates | 0 | 0 | 0 | 0% | |
| Property rates - penalties imposed and collection charges | 0 | 0 | 0 | 0% | |
| Service charges | 3,577,766 | 3,611,500 | -33,734 | -1% | |
| Regional Service Levies - turnover | 0 | 0 | 0 | #DIV/0! | |
| Regional Service Levies - remuneration | 0 | 0 | 0 | #DIV/0! | |
| Rental of facilities and equipment | 9,016,325 | 9,614,840 | -598,515 | -6% | |
| Interest earned - external investments | 2,228,579 | 2,400,000 | -171,421 | -7% | |
| Interest earned - outstanding debtors | 1,535 | 37,420 | -35,885 | -96% | |
| Dividends received | 20,281 | 0 | 20,281 | 0% | |
| Fines | 0 | 2,350 | -2,350 | -100% | |
| Bad Debts Recovered | 141,461 | 0 | 141,461 | 100% | |
| Licences and permits | 0 | 0 | 0 | 0% | |
| Income for agency services | 3,230,495 | 3,330,180 | -99,685 | 0% | |
| Government grants and subsidies | 68,280,768 | 73,397,990 | -5,117,222 | -7% | |
| Other income | 6,615,303 | 2,059,760 | 4,545,543 | 220% | |
| Public contributions, donated/contributed PPE | 0 | 0 | 0 | 0% | |
| Gains on disposal of property, plant and equipment | 0 | 0 | 0 | 0% | |
| Change in fair value | 0 | 0 | 0 | 100% | |
| Total Revenue | 93,112,514 | 94,464,040 | -1,351,526 | 0 | |
| EXPENDITURE | | | | | |
| Executive & Council | 6,710,566 | 8,718,654 | -2,008,088 | -23% | Managers not appointed |
| Finance & Admin | 12,991,964 | 15,686,790 | -2,694,826 | -17% | |
| Planning & Development | 785,012 | 860,419 | -75,407 | -9% | |
| Health | 95,495 | 150,000 | -54,505 | 0% | |
| Community & Social Services | 3,055,799 | 3,797,941 | -742,142 | -20% | No funds received from Umsobumvu |
| Housing | 0 | 0 | 0 | 0% | |
| Public Safety | 10,035,788 | 10,162,520 | -126,732 | -1% | |
| Sport & Recreation | 8,511,344 | 7,974,909 | 536,435 | 7% | |
| Environmental Protection | 6,054,860 | 7,695,739 | -1,640,879 | 0% | |
| Waste Management | 2,145,863 | 2,290,490 | -144,627 | -6% | |
| Road Transport | 38,807,159 | 36,908,990 | 1,898,169 | 5% | Due to additional subsidy received |
| Water | 0 | 0 | 0 | #DIV/0! | |
| Electricity | 0 | 0 | 0 | #DIV/0! | |
| Other | 1,302,848 | 1,427,490 | -124,642 | 0% | |
| Inter-departmental charges | -1,459,974 | -1,561,830 | 121,856 | 0% | |
| Total Expenditure | 89,036,724 | 94,092,112 | -5,055,388 | -5% | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | 4,075,790 | 371,928 | 3,703,862 | 996% | |

APPENDIX E(1)
OVERBERG DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007

| REVENUE | 2007 Actual (R) | 2007 Budget (R) | 2007 Variance (R) | 2007 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded) |
|---|--------------------|--------------------|----------------------|----------------------|---|
| Property rates | - | - | 0 | 0% | |
| Property rates - penalties imposed and collection charges | - | - | 0 | 0% | |
| Service charges | 3,355,180 | 3,421,050 | -65,870 | -2% | |
| Regional Service Levies - turnover | - | 2,000,000 | -2,000,000 | -100% | |
| Regional Service Levies - remuneration | - | 1,475,000 | -1,475,000 | -100% | |
| Rental of facilities and equipment | 8,447,425 | 23,412,720 | -14,965,295 | -64% | |
| Interest earned - external investments | 3,266,453 | 2,450,000 | 816,453 | 33% | Investments higher than expected |
| Interest earned - outstanding debtors | 198,054 | 126,710 | 61,344 | 48% | Interest on RSC levies |
| Dividends received | - | - | 0 | 0% | |
| Fines | 2,850 | 2,350 | 500 | 21% | |
| Licences and permits | - | - | 0 | 0% | |
| Income for agency services | - | - | 0 | 0% | |
| Government grants and subsidies | 79,828,930 | 81,987,750 | -2,158,820 | -3% | |
| Other income | 2,937,042 | 11,388,760 | -8,451,718 | -74% | Income due to calculation of leased liabilities |
| Public contributions, donated/contributed PPE | - | - | - | 0% | |
| Gains on disposal of property, plant and equipment | - | - | - | 0% | |
| Change in fair value | 102,672 | - | 102,672 | 100% | Increase share value Overberg Agri |
| Total Revenue | 98,126,506 | 126,264,340 | -28,135,734 | -22% | |
| EXPENDITURE | | | | | |
| Executive & Council | 19,938,416 | 14,401,470 | 5,536,946 | 38% | Due to payment of retrenchment packages |
| Finance & Admin | 15,348,014 | 13,698,550 | 1,649,464 | 12% | |
| Planning & Development | 2,007,154 | 2,524,710 | -517,556 | -20% | Due to resignation of PIMS manager and staff |
| Health | 3,403,861 | 3,540,120 | -136,259 | -4% | |
| Community & Social Services | 3,436,021 | 3,588,040 | -152,019 | -4% | |
| Housing | - | - | 0 | 0% | |
| Public Safety | 8,799,093 | 8,666,530 | 122,563 | 1% | |
| Sport & Recreation | 7,373,697 | 7,514,640 | -140,943 | -2% | |
| Environmental Protection | 5,989,011 | 6,469,570 | -480,559 | -7% | |
| Waste Management | 2,612,886 | 2,604,220 | 8,666 | 0% | |
| Road Transport | 44,773,898 | 71,442,570 | -26,668,673 | -37% | |
| Water | - | - | 0 | 0% | |
| Electricity | - | - | 0 | 0% | |
| Other | 1,862,591 | 1,895,550 | -12,960 | -1% | |
| Inter-departmental charges | 4,294,713 | 5,665,470 | -1,390,757 | -24% | |
| Total Expenditure | 111,259,928 | 130,660,500 | -19,400,572 | -15% | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | -13,131,322 | -4,396,160 | -8,735,162 | 199% | |

APPENDIX E(2)
OVERBERG DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

| | 2008 Actual | 2008 Actual Residual Value | 2008 Under Construction | 2008 Total Additions | 2008 Budget | 2008 Variance | 2008 Variance greater than 5% versus Budget | 2008 Explanation of Significant Variances |
|-----------------------------|------------------|----------------------------------|-------------------------------|----------------------------|------------------|------------------|---|--|
| | R | R | R | R | R | R | % (Explanations to be recorded) | |
| Executive & Council | - | - | - | - | - | - | 0.00% | |
| Finance & Admin | 90,231 | - | - | 90,231 | 95,000 | (4,769) | -5.02% | Saving on project |
| Planning & Development | - | - | - | - | - | - | 0.00% | |
| Health | - | - | - | - | - | - | 0.00% | |
| Community & Social Services | - | - | - | - | - | - | 0.00% | |
| Housing | - | - | - | - | - | - | 0.00% | |
| Public Safety | 1,130,908 | - | - | 1,130,908 | 1,108,000 | 22,908 | 2.07% | |
| Sport & Recreation | 816,909 | - | - | 816,909 | 821,000 | (4,091) | -0.50% | |
| Environmental Protection | 56,868 | - | - | 56,868 | 60,000 | (3,132) | -5.22% | Saving on project |
| Waste Management | - | - | - | - | - | - | 0.00% | |
| Road Transport | - | - | - | - | - | - | 0.00% | |
| Water | - | - | - | - | - | - | 0.00% | |
| Electricity | - | - | - | - | - | - | 0.00% | |
| Other | - | - | - | - | - | - | 0.00% | |
| Total | 2,094,916 | - | - | 2,094,916 | 2,094,000 | 10,916 | 0.52% | |

APPENDIX F
OVERBERG DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MIFMA, 56 OF 2003

| Grant Description | Balance at 30-Jun-07 R | Contributions during year R | Interest on Investments | Operating expenditure during year Transferred to Revenue R | Capital expenditure during year Transferred to Revenue R | Transfers | Balance at 30-Jun-08 R |
|--|------------------------------|-----------------------------------|----------------------------|---|---|-----------|------------------------------|
| Municipal Infrastructure Grant | 1,660,667 | 1,159,253 | | 2,755,556 | | | 64,364 |
| Municipal Systems Improvement Grant | 0 | 1,000,000 | | 1,000,000 | | | 0 |
| Finance Management Grant | 1,085,560 | 500,000 | 108 | 754,071 | | | 831,490 |
| Napier Tourism Office | 1,019 | | | | | | 1,127 |
| Drought relief | 0 | | | | | | - |
| Local Economic Development | 14,863 | | 1,570 | | | | 16,433 |
| Non-motorised transport | 5,047 | | 533 | | | | 5,579 |
| Spatial development framework | 351,137 | 275,000 | 60,272 | | | | 686,409 |
| SETA training fund | 454,130 | 106,204 | | 57,915 | | | 502,419 |
| Tourism routes | 42,921 | | 4,532 | | | | 47,454 |
| Human rights programme | 127,165 | | 7,435 | 56,427 | | | 78,173 |
| Fire brigade capacity building | 0 | | | | | | - |
| Fire brigade ABI contribution | 0 | | | | | | - |
| Kogelberg Biosphere | 112,283 | | 5,454 | 97,347 | | | 20,391 |
| Breede River spatial development framework | 9,973 | | 1,053 | | | | 11,026 |
| Tourism workshops | 14,239 | | 1,504 | | | | 15,743 |
| Tourism projects | 81,684 | | 7,262 | | | | 88,946 |
| Housing training | 156,438 | | 16,520 | | | | 172,957 |
| SEDA funds | 0 | | | | | | - |
| Global funds | 0 | | | | | | - |
| Umsobomvu funds | 22,455 | | | 22,455 | | | (0) |
| CDW funds | 29,997 | 36,000 | 1,726 | 30,743 | | | 36,980 |
| Alcohol abuse | 40,559 | | | | | | 40,559 |
| Unspent conditional grants and receipts - End of year | 4,210,137 | 3,076,457 | 107,968 | 4,774,513 | - | - | 2,620,049 |